

~~SECRET~~
Services Division

Satellite Committee

25X1A9a [REDACTED] of S/TR discussed aspects of trade and financial relations between China and the East European Satellites. Sino-Satellite trade currently represents about 20% of China's annual foreign trade. Based upon this percentage, Sino-Satellite trade was about \$690 million in 1954, and \$900 million in 1955 (although this latter figure is difficult to reconcile with other information on China's trade with the individual Satellite Countries.

In order of magnitude of Chinese trade, the Satellites are roughly grouped by pairs. East Germany and Czechoslovakia together account for approximately 60% of Sino-Satellite trade (Chinese-East German trade in 1955 amounted to \$184 million). Sino-Hungarian and Sino-Polish trade in 1955 amounted to \$65 million each. Sino-Bulgarian trade in 1955 amounted to \$9 million. China's trade with Rumania was probably somewhat larger than with Bulgaria.

Available material indicates that China had an export surplus with the Satellites probably from 1951 through 1953. It is possible that the balance in 1954 and 1955 was in the Satellites favor.

Sino-Satellite trade rests on mutual economic advantage. China requires the industrial products of the Satellites and the Satellites, in turn, have required raw materials and foodstuffs from China. The Satellites have carried on an active re-export trade of some Chinese products to Western markets for the purpose of obtaining Western exchange.

Complete plants have become very important in the Satellite exports to China, particularly from East Germany and Czechoslovakia. In 1955, 45% of Czechoslovakian exports to China were complete plants. The GDR also is exporting a large number of whole plants to China. The value of the GDR plants appears to be in the magnitude of \$200-300 million during the period 1954-58.

25X1A9a

At the meeting on 30 January, [REDACTED] of S/TR will present some findings based on recent research in the Satellites. In addition, there will be a discussion of new developments in Satellite Research.

[REDACTED]
25X1A9a